



# Department of Justice

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MONDAY, APRIL 14, 2003  
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## **DEPARTMENT OF JUSTICE INTENDS TO FILE SUIT TO STOP UPM KYMMENE OYJ FROM ACQUIRING BEMIS CORPORATION'S MACTAC DIVISION**

### ***Deal Would Result in Higher Prices for Bulk Paper Labelstock***

WASHINGTON, D.C.— The Department of Justice announced today that it intends to file a civil antitrust lawsuit in the U.S. District Court in Chicago, to block UPM Kymmene's Raflatac subsidiary from acquiring Bemis Corporation's MACTac subsidiary. Raflatac and MACTac are the second and third largest producers of pressure sensitive labelstock in North America, which is the base material for labels used in a variety of applications that American consumers encounter everyday, including shipping labels and supermarket scale labels.

The Department concluded that the merger would facilitate coordination between the merged company and other North American producers of bulk paper labelstock, and would substantially reduce competition in the production of bulk paper labelstock for use in variable information printing and prime labeling. The merger would result in higher prices for bulk paper labelstock throughout the United States, the Department said.

"Unless this transaction is blocked, the result will be increased prices for bulk paper labelstock," said R. Hewitt Pate, Acting Assistant Attorney General in charge of the Department's Antitrust Division. "Our investigation has revealed that this market is already one in which competitors have sought to coordinate rather than compete. This merger would increase the likelihood that UPM and others will coordinate on bulk paper labelstock prices."

UPM proposes to pay approximately \$420 million for MACtac, including its labelstock plants in Stow, Ohio; Nellis, Nevada; and Scranton, Pennsylvania, as well as assets in Europe.

Bemis Corporation, headquartered in Minneapolis, is a Missouri corporation. It produces labelstock as well as flexible packaging products. In 2002, Bemis generated world-wide revenues of \$2.4 billion, of which \$499 million was produced by its MACtac division.

MACtac's United States plants generated sales of \$200 million in 2002.

UPM Kymmene OYJ is headquartered in Helsinki, Finland, and is organized under the laws of Finland. It is one of the world's largest producers of forestry and paper products. In 2002, UPM reported more than \$10 billion in revenue worldwide. Raflatac is a North Carolina corporation wholly owned by UPM. Raflatac's principal place of business is in Fletcher, North Carolina. In 2002, UPM's worldwide Raflatac operations had revenues of more than \$736 million, of which \$123 million were generated from labelstock sales in North America.

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